

FTA Designated Recipients Coordination Meeting
 March 24, 2021
 10:30–12:30 am
 Meeting Minutes

Name	Affiliation
Hank Berg	Casco Bay Island Transit District
Jennifer Brickett	MaineDOT
Robert Currie	YCCAC
Will Gayle	NNEPRA
Greg Jordan	METRO
Scott Morelli	City of South Portland
Craig Pendleton	BSOOB Transit
Patricia Quinn	NNEPRA
Matt Sturgis	PACTS Chair
Donna Tippet	South Portland Bus Service
For GPCOG	
Chris Chop, Andrew Clark, Kristina Egan, Aubrey Miller	

1. PACTS Transportation Funding Framework Discussion

Matt Sturgis summarized the status of the set-aside of Federal Transit Administration (FTA) Section 5307 formula funds for system enhancement (S-E), last discussed at a meeting of the **region's FTA** designated recipients on March 18, noting the uncertainties in ridership, revenues, and operating costs the pandemic has caused. At the March 18 meeting, the group had discussed establishing a set-aside for S-E and revisiting it in 2025.

Jennifer Brickett stated that the current SYCOP projections show an approximate operations and maintenance (O-M) need for 88 percent **of the region's 5307 formula** funding. She suggested a 12 percent set-aside for S-E, to be reevaluated in 2025.

MaineDOT has concerns about a set-aside that may result in an immediate shortfall in O-M funding, and that may require use of the \$1 million contingency fund.

Patricia Quinn did not support a 20 percent set-aside for S-E when projections show only 10 percent available. She suggested the group work towards a framework that would meet projected O-M needs and invest in S-E wherever possible. She felt that funding O-M needs should be the first priority. She added that over-allocating funding to S-E could lead to unpredictable project budgeting should funds later need to be reallocated to O-M. Matt suggested that any year-end surplus in O-M could be carried over and transferred to S-E. Hank Berg noted Casco Bay Lines' irregular needs year-to-year, which require carry-over from lower-expense years to cover higher O-M needs in other years. Matt suggested using the contingency fund for higher-expense years.

Scott Morelli was concerned that a 25 percent set-aside would become the norm after 2025, and that agencies would need to petition the PACTS Regional Transportation Advisory Committee (RTAC) and PACTS Policy Board to make up any funding gap. He did not support the discussion at the March 18 PACTS Executive Committee meeting about changing which organizations in the region have FTA designated recipient status. He noted there is no current set-aside for S-E, and that some agencies have concerns about adequately funding O-M should one be implemented. Matt agreed with the concern about implementing a set-aside that may lead to projected funding gaps.

Greg Jordan highlighted multiple alternate sources of funding, including (1) CARES Act and ARPA funds, and (2) the process to convert S-E funds to O-M when needed. He noted that RTAC, the committee charged with reviewing any reallocations from S-E to O-M will be a very diverse body representing many regional stakeholders. He felt the current funding system does not work well, as it lacks scrutiny from PACTS and the public, and simply hands regional funding to agencies without coordination.

Staff stated that the goal in the funding framework was to respond to public engagement which has shown a clear regional desire for improvements above and beyond routine maintenance of the roadway and transit system. Failing to prioritize S-E will not result in both a functioning system and ongoing improvements.

Robert Currie agreed that funding S-E is important, but preferred including it as a goal, not a policy.

William Gayle said that all meetings are open to public comment, and there are other opportunities for public participation. He noted that operations funding will be incorporated into the framework beginning in 2023. Will noted that the CARES Act and ARPA relief funding is temporary. Kristina underscored the opportunity to invest in improvements now to yield longer-term reductions in O-M costs.

Staff noted that, subject to FTA guidance, there may be opportunities to use Section 5337 funds to cover unfunded Section 5307 needs. Further, the projections for an 88/12 split assume all needs programmed in the SYCOP are O-M. Because the SYCOP includes some planning and enhancement projects, the projections are a conservative estimate. The actual needs for O-M in the SYCOP would be covered by an 84/16 split. However, Kristina reminded the group that their role is to establish a high-level policy commitment to improving transit in the region.

Matt suggested a split of 88/12, with a goal of 80/20, to be reviewed and analyzed in 2025. Patricia suggested that the split be reviewed more regularly. She felt agencies should not be characterized as unwilling to have their budgets scrutinized.

Jen supported an 88/12 split, and added a need for clear language on how the agencies will work toward the 80/20 goal. Kristina noted the importance of linking this effort to the recommendations of *Transit Tomorrow*, the region's long-range transit plan.

Several people expressed a desire to conduct additional forecasting for an 88/12 split. Staff and others, noting sufficient funding in the region regardless, urged the group to remain focused on establishing a high-level policy commitment to funding S-E. Staff noted that the budget for staff work on this project has been exceeded and requested a verbal commitment by the end of the meeting.

Scott preferred a 90/10 split but was agreeable to an 88/12 split and a more ambitious goal should the funds be available. He asked whether there is any guaranteed increase in federal funds per year. While there is no guaranteed increase, the region plans to a 2 percent annual increase.

The parties developed language stating that 12 percent of 5307 formula funds will be set aside for system enhancements for 2023–2025. The provision will be revisited in 2025 in advance of 2026. The language further stated the region's goal to invest 20 percent of 5307 formula funds for system enhancements, and that moving towards this goal will require transit agencies, MaineDOT, and PACTS to work together to explore funding opportunities, including:

- Leveraging alternative federal funds (for example, Section 5337), as appropriate
- Pursuing discretionary grants
- Committing to collaborating to identify operational efficiencies and savings

Use of the funding framework to allocate FTA funding requires the agreement of the region's six designated recipients (BSOOB Transit, Casco Bay Lines, MaineDOT, METRO, NNEPRA, and South Portland) and the MPO. All parties agreed to the framework including the language drafted during this meeting. Scott noted his opposition to the suggestion that any particular agency was holding up funding, or that changes in the region's designated recipient structure should be made.

The group discussed the importance of moving forward with a focus on collaborating to improve the region's transit system.

Subject to the Executive Committee's review and approval at their next meeting in early April, the framework, including the language developed at today's meeting, will take full effect. Matt thanked all in attendance for their collaborative efforts.